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Unflagging Business plan

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2015 Leppävaara

Laurea University of Applied Sciences
Leppävaara

A business plan for Unflagging Wearhouse and Unflagging Gym Wear & Clothing, Clothing and wellbeing industry.

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Degree Programme in Business Management
Bachelor's Thesis
April, 2015

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Unflagging gym wear & clothing

Year	2015	Pages	37
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This thesis is an illustration of a business plan created for a Mexican brand name in fitness and bodybuilding industry. The plan is structured by the Osterwalder's nine-stage business model, aiming to cover all of the stages needed to establish a solid business. The business plan presents two different businesses working under the same brand name; Unflagging gym wear & clothing & Unflagging Wearhouse.

Unflagging gym wear & clothing was formed in 2013 and it is a urban clothing line selling workout clothes inspired by bodybuilding and fitness. Since that they have launched several designs and sold nation wide. In 2015 they decided to expand their business with supplements, and that is how Unflagging Wearhouse supplements & clothing store was born. During the thesis every step is explained specifically from each point of view to give a reader the best idea of the current situation.

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1 Background information & theme of this thesis

1.1 Purpose & background

The purpose of this thesis is to help and develop the brand of the clothing line Unflagging gym wear & clothing, and to understand the development points and the threats of Unflagging Wearhouse. The thesis does not include cash budget, neither income statement due to the privacy issues. For that same reason the suppliers, and manufacturer companies names are left without names, and spoken as supplier X, Y, etc.

1.2 Theme of this thesis

Thesis' theme is Unflagging, which is divided into two different businesses working under the same brand name; Unflagging gym wear & clothing and Unflagging Wearhouse. This was necessary due to the fact that Unflagging Wearhouse only works regionally in the state of Queretaro and Unflagging gym wear & clothing nation wide in Mexico. Later on the thesis there will be explained also the differences on their customer segments.

This these will explain and provide an idea for the reader of each stage of the business plan created for the brand Unflagging.

2 Basic information

Abraham Gomez and Daniel Becerril established Unflagging gym wear & clothing in May 2013. The idea behind of the clothing mark, Unflagging, occurred to these two youngsters while looking for suitable clothing for doing exercise. Not any kind of gym wear that could easily be bought at Nike Stores or Adidas, but something more urbane and original.

Gomez had been following an American brand name Flag nor Fail, and had been dreaming to have his own clothing brand. Becerril and Gomez started to think, why not create something extraordinary when it comes to bodybuilding and fitness wear, and Unflagging gym wear & clothing was born.

Soon after the establishment they launched their first season of clothing with four different models of shirts. Regardless of their successful start in 2013 Unflagging gym wear & clothing was not taken to its fullest, and the project stood still till spring 2014.

During the summer 2014 Unflagging Gym wear & clothing started to design the new season and women's clothing line to be released fall 2014.

In spring 2015 Unflagging gym wear & clothing extended their market reach and opened a supplement and clothing store called Unflagging Warehouse.

As mentioned Unflagging Gym Wear & Clothing was founded in 2013 by Abraham Gomez & Daniel Becerril. The idea was born though to a fact that they could not find what they were looking for themselves, clothes for working out that would stand out with its uniqueness. Becerril and Gomez started to look for providers and potential customers.

Soon after this they found people inquiring their shirts before they were even released. They launched their first season in 2013 with four different models of tank tops and sold out all of the stock. Due to many different factors they did not have any other designs in 2013.

In 2014 Unflagging Gym Wear & Clothing released its second season with nine different designs for men and started with women's clothing line. Customer base kept on growing and they decided to sell online. Clients from other states showed their interest to become resellers, which pumped up the production of Unflagging Gym Wear & Clothing. End of 2014 Unflagging Gym Wear & Clothing had five resellers all from different states around Mexico.

In March 2015 Gomez faced with an opportunity to extend the business and open a official shop of Unflagging Gym Wear & Clothing. After a consideration Gomez came into a conclusion that it was time to do something different and combine old with something new. In 1st of April 2015 Unflagging Warehouse Supplements & Clothing store opened its doors. The store's name Warehouse comes from wearing clothing and from the brand name Unflagging Gym Wear & clothing.

3 Purpose of the business plan

A business plan is a written description of a business's future. It consists of business goals, strategies, potential problems that may occur, the organizational structure of the business and the financial part. The size of the business does not matter, business plans are vital for everyone who is planning to open a some kind of business. All business plans should cover three stages, which are business concept, marketplace section and the financial section. (Berry 2015)

With an objective look at the business, can be identified areas of weaknesses and strengths, spot opportunities, focus on needs that might otherwise be overlooked and plan the best way to achieve the business goals. A business plan helps to see problems and understand their sources before growing too big. Written business plan won't serve if all the parts and stages

are not well explained and understood. That is why it is important to understand exactly the needs of every business and create a unique plan to cover all the stages. (Bangs 2002, 1)

Carefully written and prepared business plan will benefit the business. It helps to serve as a guide for your business, document financing and in case business is international, to work in foreign markets. Business plan works as a guidance throughout the lifetime, it is the blueprint of the business and will provide tools to analyze and implement changes during the years. As mentioned in the first chapter, financial documentation is important part of the plan. In case business is seeking capital, the details of the business plan are crucial. Without specific details about the finance, finding third parties to finance the business will be hard. For foreign markets it helps to evaluate if there is a potential for this kind of business in that country. (Pinson 2005, 2)

There are as many ways to conduct a business plan, than there are companies. Not every plan is suitable for each company, and that is why to understand the company's needs before selecting the business plan approach. There is so called Standard business plan that covers topics like company overview, the product / service offered, the target market, strategy, implementation, human resources and financial analysis. This is an excellent choice in case there are banks or investors involved, because they are expecting to see specific financial analysis.

Simpler plan would be a Startup plan, which has an executive summary, company overview, mission statement and a market analysis. This model covers only the surface of the whole process. Internal plan is more specific one, and is only made for company's purposes. A good example of this kind of plan is an operations plan, which is also known as an annual plan. Operations plan includes specific milestones that company tries to reach in shorter amount of time. (Berry 2015)

The Idea of a business model is to describe the rationale of how an organization creates, delivers, and captures value. " We believe a business model can best be described through nine basic building blocks that how the logic of how company intend to make money. The nine blocks cover the four main areas of business: customers, offer, infrastructure, and financial viability."

(Osterwalder & Pigneur 2010, 15)

In the article, How to design a winning business model, written by Ramon Casadesus- Masanell and Joan E.Ricart it is said that most enterprises haven't fully come to grips with how to

compete through business models. Companies create business models which won't work because they don't think about the competition; any business model will perform amazingly if the company is the only one in a market. One business model may appear to be better than the other when analyzed in isolation, but create less value when compared. There are many ways to define business model, some could be "the story that explains how an enterprise works", answers to the questions like "who is customer, what does the customer value and how do you deliver value at the an appropriate cost?". Where as Clay Christensen from Harvard Business School says that business model should consist of four different features; a customer proposition, a profit formula, key resources and key processes. (Casadesus-Masanell & Ricart 2011)

The aim of this business plan is to great a solid idea of the market and the clientele of growing brand Unflagging by using Osterwalder's nine-stage business creation model. The Osterwalder's canvas model was chosen because of its pragmatic approach to business plans, mixing theory and practice. This is why this so called 'zipper model' was considered to serve Unflagging's needs the best way of possible.

4 Market research & clientele

As mentioned in the previous part, the marketing is important stage of business plan. But first it is important to know what marketing actually is, before starting to explore a specific case.

As Kotler defines marketing in his article, "Marketing is the science and art of exploring, creating and delivering value to satisfy the needs of a target market at a profit." It recognizes the needs and desires that still haven't been filled. It also measures and quantifies the size of the segments the company is capable of serving best. Besides this it promotes products and services. (Kotler article 2015)

The idea of marketing is to identify and meet human and social needs. The shortest definition would be 'meeting needs profitably'. There are 10 types of entities in marketing; goods, services, experiences, events, persons, places properties, organizations, information and ideas. With goods are meant the physical goods like food, commodities, clothing and housing. Most markets offer a variable mix of goods and services. When the economies are advancing, a growing proportion of activities are focused on the production of the services. To create a experience, it takes several goods and services to be able to offer experience like Walt Disney World. The same goes for events like Olympics. Persons, places, properties, organizations, information and ideas all need marketing.

To understand the market it is necessary to explore it, and the best way is to do a market analysis. Market analysis requires an understanding of the four Cs; consumer, conditions, competitor and the company. To be able to offer a greater customer values, it is necessary to understand the needs of the customers, the offering of the company, competitors and the environment factors like economic. (Khan 2006,9)

Niche market's business models cover specialized customer segments. The value propositions, distributions channels, and customer relationships are all tailored to fulfill the requirements of a niche market.

While studying the market it became clear that one approach would not cover all the aspects. It is necessary to approach the market from Unflagging gym wear & clothing's view of point but also from Unflagging Wearhouse's side.

In this part market research & clientele will have own approaches to Unflagging gym wear & clothing and Unflagging Wearhouse.

4.1 Market outlook

Fitness and bodybuilding is growing trend around the world. People take care of their health and do to worry about their physical looks more than before. Behind this scene might be the growth of social medias like Facebook and Instagram, and the society's pressure to fit in this bubble. One other prove of this trend is the number of health applications and wellbeing blogs, low calorie - food brands, and every other business that fits to wellbeing cluster. The new trend has come to stay, making more and more people aware of it. During the market analysis, a survey was conducted to see how important part of their lives people see exercising and being healthy.

The survey was planned to collect people's opinions about fitness and wellbeing in nowadays. The questions asked were designed to have an idea how people see exercise, and being healthy as a part of their lives. The target group was people between 20 - 45 years old males and females, living in different parts of the world. The list of the questions can be found in the appendixes.

The survey was sent to people living in Europe, United States and Latin America. The survey's age target was 20 - 45 years and 71 % of the contestants were male. When asking how important exercise is, 25 % answered extremely important and 53,1 % said it to be very important. None of the participants answered it to be irrelevant, whereas 6,25 % answered slightly important. 64,52% most likely exercise at the gym, 12,9 % run and 9,68 % played a

team sport. Next question was about nutritional supplements, where 59,38% of the people use some kind of supplement product; protein, amino acids, pre-workout, post-workout, etc.

The other part of the questionnaire was more specific one. People were asked if they know their body fat % and if they follow some kind of diet plan. 53,13 % said they knew their current body fat %, and 71, 9% said they are not following any diet program. Also 75 % said they are not aware of their daily calorie consumption neither interested in counting them. But when asked, if they consider that ' being fit ' is important, 93,75 % said yes, and 90,63 % agreed that people pay more attention to their diets more nowadays than before.

Over all 80.65 % of the contestants thought that society pressures people to get ' fit '.
(Unflagging's wellbeing survey 2015)

One reason for the awareness is the media boom of the fitness and bodybuilding competitions around the world. According to the official fitness and bodybuilding calendar, in 2015 there are five national fitness and bodybuilding competitions in Mexico. Besides the national competitions, every city and state organizes a smaller official competition. In case the unofficial competitions would be counted in as well, the number of the events would be close to 100.
(Federación Mexicana de fisicoconstructivismo y fitness 2015) (Fisicoculturismo Mexico 2015)

Like mentioned above Unflagging gym wear & clothing is bodybuilding and fitness focused clothing line. In 2014 the clothing line's face was Mr. Mexico men's physique winner, Oscar Robles, who also happened to win Junior Worlds championship in men's physique later in 2014. This helped Unflagging to get publicity among the competitors and people surrounded this ambient of fitness and bodybuilding.

In 2015 the opening of Unflagging Warehouse was great combination with the clothing line, offering more products and services to already existing customer base. The first month showed that opening a supplement store was future wise, and the demand has exceeded the expectations.

The future looks promising for these two businesses while the wellbeing trend keeps growing as fast as it has to this day.

4.2 SWOT - analysis

An effective way to combine strengths, weaknesses, opportunities and threats is a SWOT analysis. " It provides four perspectives from which to assess the elements of a business model, while the Business Model Canvas provides the focus necessary for structured discussion.

When combined with the canvas, SWOT enables a focused assessment and evaluation of an organization's business model and its building blocks." (Kotler & Pigneur, 2010, 216)

In Business Strategy Review George Panagiotou defined SWOT as an analysis is concerned with the analysis of an organization's internal and external environment with the aim of identifying internal strengths in order to take advantage of its external opportunities and avoid external (and possible internal) threats, while addressing its weaknesses.

According to Business News Daily article, the author of "Reset: How to beat the job loss blues and get ready for your next act" Dwain Schenck: "The ideal outcome of a SWOT is accurate data that can be utilized to create a solid action plan for addressing a weakness and threats, and highlighting or positively exploiting your strengths and opportunities"

4.2.1 Unflagging Wearhouse

Though to the fact that Unflagging Wearhouse is a starting supplement store, the SWOT analysis became a necessary part of the business plan. According to the interview with Gomez, it became clear that in future Unflagging Wearhouse is planned to grow and expand to other cities as well. To be able to do that, it is necessary to point out the strengths, weaknesses, opportunities and threats from the beginning to create a solid action plan.

Strengths in this case are competitive prices, an excellent location and adjustable opening hours. The store is small, only 25 square meters, which does not allow too much stock space, but they still manage to have variety on their products.

As mentioned above, the stock space could be counted in as a weakness. For the moment Unflagging Wearhouse only have few provide, due to the amount of investment capital. Most of the providers tend to set a limit for a starting capital for the reseller prices, approximately 25 000 \$mx. (Gomez 2015)

As the store is located inside of a gym, the possible customers pass the store on daily bases. This is an excellent opportunity to make new clients and reach out for more people through to word to mouth. Fitness and bodybuilding, and taking care of the health have become a new trend around the world. People are more interested in supplementation with products like protein, amino acids, glutamine, etc.

Threats would be definitely the inflation of a dollar. All of the products are imported from United States and the prices are set according to dollar, which means that the product's price can variety daily because of the currency exchange rate.



Figure 1: SWOT analysis of Unflagging Wearhouse

4.2.2 Unflagging gym wear & clothing

According to Becerril and Gomez “Our strengths would definitely be urban and unique designs, and great prices. We design all of our products from the beginning, proudly made in Mexico”

“Fitness and health happens to be a big trend at the moment. We want to offer people something different when it comes to workout clothes. For that reason many customers have reached out to us to ask if we could do custom designs just for them. In future that would be a great opportunity to expand business, for now it is only a great side income.” (Gomez & Becerril 2015)

As a weakness, they would mention the production time. “ When the sketches are send to tailor, it takes about a week for them to have the model piece ready. If it needs changes, it takes couple days more. After that the tailor starts to work with the line of clothing, which takes approximately 10 days. It is a slow process, because afterwards we still need to send the clothes for printing. Launching a new season of clothes takes 2 months of time, and everything needs careful planning.”

Unflagging gym wear & clothing's prices are friendly and easily accessible, but still the risk of design copies exists. As mentioned in the part 4.4 Competitors and positioning map Unflagging gym wear & clothing, one of the competitors dedicate to do replicas from other brand's designs.

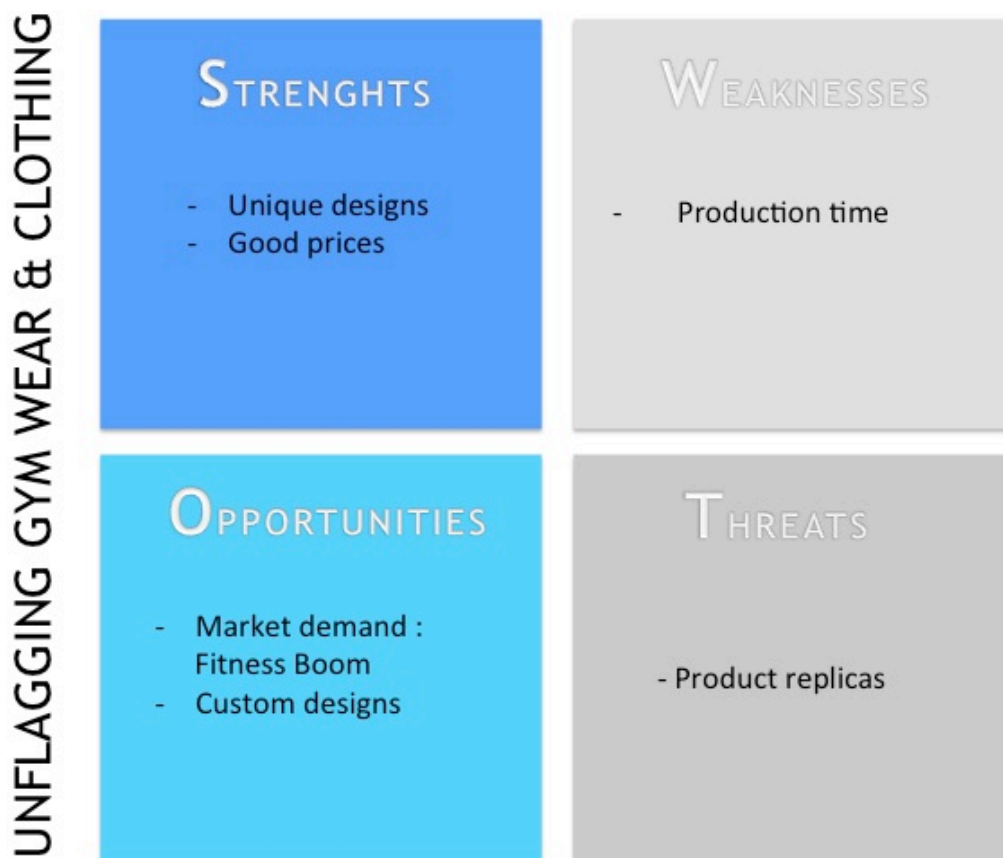


Figure 2: SWOT analysis of Unflagging gym wear & clothing

4.3 Customer segments

4.3.1 Unflagging gym wear & clothing

Unflagging gym wear & clothing's customers were interviewed of their shopping habits, what were they looking for and in which price. The interview's conclusion was that they are men and women looking for workout clothes that can not be found from the commercial brands like Nike, Adidas, Puma, Under Armour, etc. sharing the interest in bodybuilding and fitness. The age of the customer varieties between 16 and 35 years, and is most likely to spend 400 \$mx. The facility of the online shop is that customers do not have to leave their homes to purchase clothing. The payment type is a deposit to Unflagging gym wear & clothing's bank account but in near future the payment can be done in PayPal.

4.3.2 Unflagging Wearhouse

As a store selling supplements like protein, amino acids, glutamine, cla etc exists an old myth that these products are used only by the bodybuilders either fitness athletes. Reality of this myth is contrary, Unflagging Wearhouse's customers are the ones who care for their health and are part of a gym or do exercising of any sort on regularly bases. The client's average age is 29 years looking for a healthier lifestyle. The customer purchases approximately with 1550 \$mx. Besides the supplements, Unflagging Wearhouse also sells the brand's clothing line. Their competitive advantage is their location inside of a gym, and that they accept credit and debit cards as a payment type. (Gomez 2015)

4.4 Competitors & positioning map Unflagging gym wear & clothing

Unflagging gym wear & clothing is an online shop selling workout clothes for men and women national in Mexico. Like Unflagging, the competitors are also Mexican bodybuilding and fitness wear brands. According to the interviews held with Gomez and Becerril, Unflagging gym wear & clothing has four major competitors.

According to the data and information collected from GymaholicsMx, they are known for their low prices, and colorful shirts. The quality of the products combines with the low cost of shirts and the lack of uniqueness with their fraises.

They have also resellers around the Mexico and an online shop.

As seen from their Facebook page, LS MX aesthetics is an online shop formed in 2014. Their products have good quality, even if their prices are high. LS MX aesthetics only have one design in variety of colors.

After studying their Facebook pages, it became clear that Pasion Gym Wear and Gym Experience do not have any designs of their own. They focus on doing replicas from the competitor's designs with low prices and bad quality.

As seen from the positioning map, Unflagging Gym Wear & Clothing's quality out stands its competitors with the quality and the pricing.

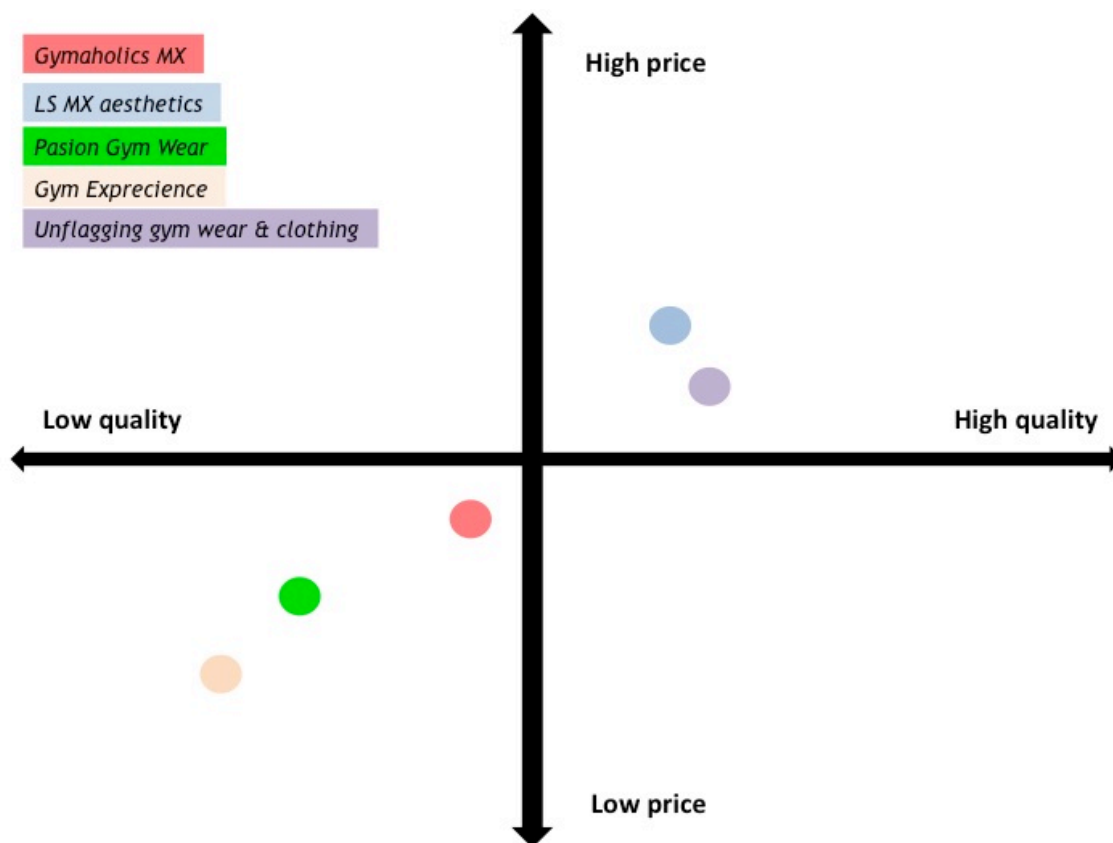


Figure 3: Positioning Map Unflagging gym wear & clothing

4.5 Competitors & positioning map Unflagging Wearhouse

While conducting the research of the competitors, it was decided to delimit the area of the competitors to be the city of Queretaro. Unflagging Wearhouse conducted a survey by asking people which stores they used to buy their supplements, and the result was that they have four medium sized competitors which all have one shop or more in Queretaro.

Unflagging Wearhouse is located inside of a gym Sporta, where the number of the members is close to 600 persons. The location is excellent and easy to access, and the prices are competitive. The neighborhood is known to be one of the wealthiest areas in Queretaro where habitants' incomes are higher than the average. This reflects on the customer's purchasing habits and their will to spend more money on products even if they did not plan to buy. (Sporta 2015)

" GNC sets the standard in the nutritional supplement industry by demanding truth in labeling, ingredient safety and product potency, all while remaining on the cutting-edge of nutritional science. " GNC is the only international chain selling supplements in Mexico, and the number of the stores can only be a sign of their success. In Queretaro area GNC has 11 stores with excellent locations. Most customers find GNC too expensive, and the service to be bad

because the sales personnel are not well capacitated to explain the use of the products. (GNC 2015)

Sport Nutrition is the oldest supplement store in Queretaro with nine years of experience. It is the one competitor who dominates the market with their good customer base and prices. They have three stores located around the city in non- commercial areas. All three stores are on second floor and well hidden from the public eye. (Facebook page 2015)

Suplementos deportivos Queretaro is the only competitor who sells workout clothes besides the supplements. They offer compatible prices with Sport Nutrition but are better located in the center of the city and also have store online. (Facebook page 2015)

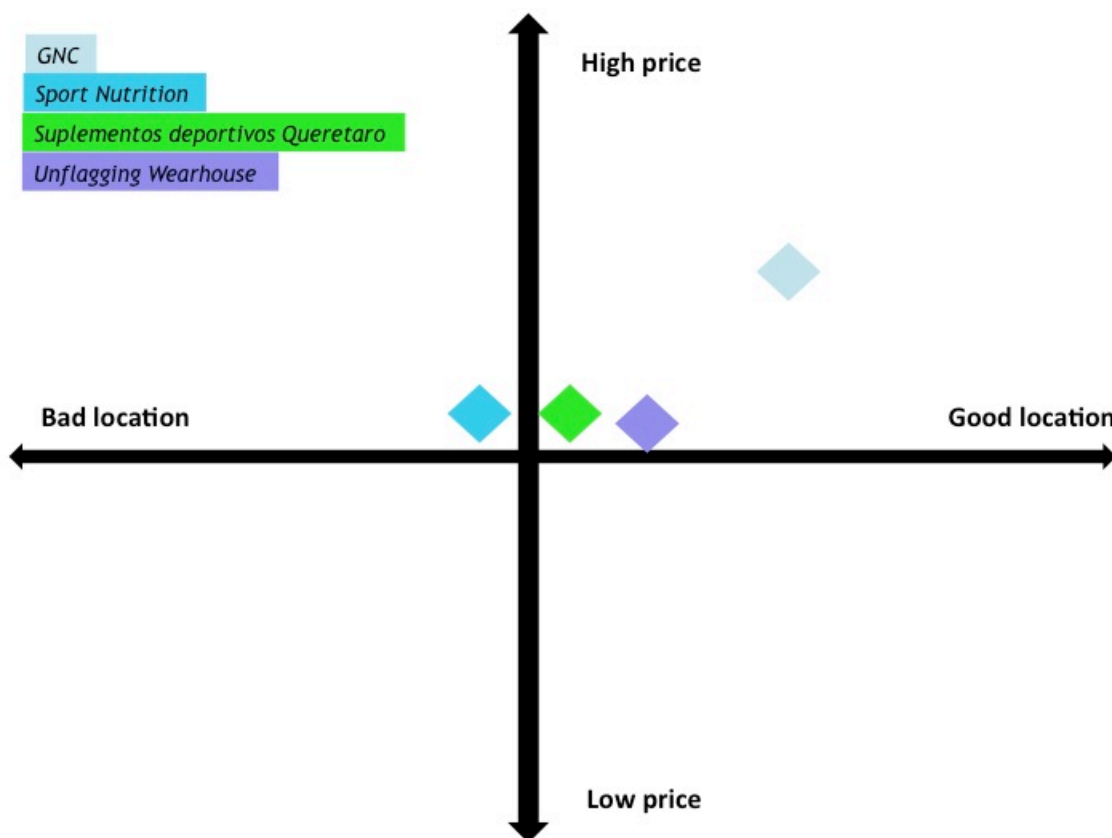


Figure 4: Positing map Unflagging Wearhouse

5 Value proposition

In the Principles of Marketing, Kotler says “ Now that the company fully understands its consumers and the marketplace, it must decide which customers it will serve and how it will bring them value”. “ The company must also decide how it will serve targeted cus-

tomers - how it will differentiate and position itself in the marketplace. A brand's value proposition is the set of the benefits or values it promises to deliver to consumers to satisfy their needs." (Kotler & Armstrong 2011, 38)

According to Osterwalder the key is distinct your business idea from competitors and to have more value to the customers. As he states out in his book "Business Model Creation" a good value proposition can take a variety of forms, which aim to fulfill the customer's segment's demands. To be able to do this, the value propositions are handled separately as individuals; clothing line and supplement store, after all their benefits are different to customer and the customer segments are not the same.

5.1 Unflagging gym wear & clothing

As seen from the conducted SWOT analysis, Unflagging gym wear & clothing's strengths would be pricing, accessible shopping and custom designs. No matter what time is it, nor in which part of Mexico the customer is, they are able to buy Unflagging gym wear & clothing. The quality of the clothing is excellent and the prices are customer friendly. Apart from their own designs, Unflagging gym wear & clothing does custom design for customers looking for that something different. In November 2014 Unflagging gym wear & clothing made custom design women's leggings for Mexico's leading bodybuilding program called AK System. In 2015 they have received several requests of custom design shirts for bodybuilding and fitness competitors.

5.2 Unflagging Wearhouse

Unflagging Wearhouse is providing a concept to fulfill customer's needs. Most competitors charge for services like diet plan and workout routine, with Unflagging is part of the package. Many customers enter supplement stores without knowledge how to consume the products or which product would be right choice for their needs. In Unflagging Wearhouse the product is chosen according to customer's needs. If the customer wants to lose weight the products are selected to support every day diet with a workout routine.

According to Osterwalder's canvas, every business should find so called 'pain relievers' to be competitive advantages. For example to create welcoming environment that makes the shopping experience more positive to the customer. In the case of Unflagging Wearhouse the store is inside of the gym and so it is easily accessible to the gym's customers. Customers coming outside of the gym can always find parking space near by the gym, they accept credit and debit cards as payment, and they have better opening hours during the morning and the nighttime than other supplement stores.

To summarize Unflagging Wearhouse has a competitive advantage with the service they are providing apart of the products. They believe the customer service to be the cornerstone of their future success and the reason why customers keep coming back. Customers can also find workout clothing in the same store where they purchase their supplements, and they are able pay with credit or debit cards. The opening hours are a plus for customers with busy work schedules.

6 Channels

Unflagging gym wear & clothing uses Instagram and Facebook as a channel to reach their customers. Their Facebook page has currently 3 706 likes, and the amount is growing on daily bases. They noticed that Facebook is better channel for them than other social medias, because of the option to buy sponsored advertisements. On Instagram their follower base is smaller and harder to reach. Besides the media, Unflagging gym wear & clothing has used posters and stickers to attract more customers, which both brought more customers.

For the moment Unflagging Wearhouse is using the same Facebook page and Instagram account than Unflagging gym wear & clothing but in close future they will open an joint website where customers can easily reach both. Unflagging Wearhouse printed 1000 flyers to be given to other wellness centers around the city, and other sport related stores. On the entrance of the gym, Unflagging Wearhouse has a spider banner to greet the customers. Also the gym's employees are asked to mention the supplement store while touring the new customers around the gym. Nevertheless the best channel has been satisfied customer's word mouth to mouth complimenting the service and the products.

7 Customer relationships

“ The key to building lasting customer relationships is to create superior customer value and satisfaction. Satisfied customers are more likely to be loyal customers and give the company a larger share of their business.” (Kotler & Armstrong 2011, 41)

To create this, you need two building blocks: customer value and satisfaction.

Customers tend to have the option to choose from variety of companies offering the same products. They start to evaluate of the difference between all the benefits and all the costs of a market offering relative to those of competing offers. This is called customer-perceived value, when the customer buys from that company who comes first on

the evaluation. To some customers this might significant affordable and low prices, to some the quality of the service.

Customer satisfaction on the other hand is relative to a buyer's expectations. If the product is not she or he imagined this might lead to dissatisfaction. Customer's satisfaction rate is directly compatible to customer loyalty, which affects in overall company performance. " Delighted customers not only make repeat purchases but also become willing marketing partners and ' customer evangelists ' who spread the word about their good experiences to others." (Kotler & Armstrong 2011, 42)

" According to global management consulting firm Bain and Co., a 5 percent increase in retention yields profit increases of 25 to 100 percent. And on average, repeat customers spend 67 percent more than new customers. " In this case the repeat customer are the most profitable ones, and this is why the customer's satisfaction plays important role in sales. Satisfied customers become loyal customers, and this means increase in profit. (Entrepreneur 2005)

As mentioned in the value proposition part, Unflagging Wearhouse offers the customer not only the product itself but also diet and routine which are free of charge as long as the customer buys the products from them. Most stores and personal trainers charge the diet apart of the routine, and the customers tend to find this too expensive and time consuming. It is the service and know how why the customers keep coming back to buy their supplements from Unflagging Wearhouse, of course besides their good prices.

8 Revenue Streams

Company is build around the revenue streams, without it, the company could not exist. The revenue streams represent the cash inflows from the product or service provided to the customer in exchange of money. According to Osterwalder's business canvas, a business model can involve two different types of revenue streams.

The first one is the transaction revenue resulting from the payment of one-time customers, e.g. buying a t-shirt. The second is recurring revenues generated from ongoing payments to either deliver a value proposition to customers or provide " customer support". Good example of this could be buying a cellphone with 24 months of credit. During that time the customer's monthly payment are recurring revenue streams to the phone company.

There are many types to generate the revenue streams like; asset sale, usage fee, subscription fees, renting/ leasing, licensing, brokerage fees and advertising. These streams have different pricing mechanisms, such as fixed list prices, bargaining, volume and market dependent, auctioning and yield management. (Osterwalder & Pigneur 2010)

8.1 Case of Unflagging Wearhouse

Unflagging Wearhouse's revenue streams consist of one- time asset sales, which are the supplements and the clothing line in this case. They also offer the services like diet and workout plan, but these are free of charge and do not cause any revenue stream to the company. The pricing of the products is adjusted according to be market dependent. As a starting store, the idea is to have competitive prices to be able to create customer base and deliver value proposition to customers with the free services. Unflagging Wearhouse's pricing method is partially considered to be rationale based. As a new business it is an excellent way to stand out from the competitors for instance offering the diet plan and routine as a part of the purchase deal.

PRODUCT	BRAND	PRICE \$mx	PRODUCT	BRAND	PRICE \$mx
PROTEINAS			Gainers		
CARNIVOR	MUSCLEMEDS	780	SERIOUS MASS	ON	880
ELITE WHEY	DYMATIZE	780	SUPER MASS GAINER	DYMATIZE	750
ELITE CASEIN	DYMATIZE	750	CARNIVOR MASS	MUSCLEMEDS	700
ELITE ISO 100 3lbs	DYMATIZE	800	PRE-WORKOUT		
ELITE ISO 100 5LBS	DYMATIZE	1100	ASSAULT	MP	500
ELITE GOURMET	DYMATIZE	700	C4	CELLUCOR	420
ISO HD	BPI	1000	NANO VAPOR	MUSCLETECH	550
WHEY HD	BPI	780	NO- XPLODE	BSN	500
GOLD STANDARD WHEY 5 LBS	ON	950	JET FUSE	GAT	500
GOLD STANDARD WHEY COSTAL	ON	1800	MPACT	DYMATIZE	480
PLATINUM ISO WHEY	MUSCLETECH	900	HEMORAGE	NUTREX	450
PLATINUM WHEY	MUSCLETECH	800	POST - WORKOUT		
PHASE 8	MUSCLETECH	750	JET MASS	GAT	550
NITROTECH	MUSCLETECH	850	ANABOLIC HALO	MUSCLETECH	580
IRON WHEY	ARNOLD	780	RE-CON	MP	550
PRO V 60	LABRADA	780			
ZERO CARB	VPX	1100			

Figure 5: List of prices Unflagging Wearhouse

As mentioned all the revenue streams consist of the products offered to the customers, such as proteins, mass gainers, pre- and post-workout, amino acids, etc. Unflagging Wearhouse offers products from sixteen different brands of supplementation such as world's leading supplement brand Dymatize, Optimum Nutrition, Labrada, Muscle Pharm, Muscletech, etc. Above from the appendices can be seen the price variation between the brands and the product type. Approximately customer spends 1550\$mx (92 euros) containing a carnitine, protein and pre-workout.

The supplement store sells the brands clothing line, but as a revenue stream it has not shown its strength yet.

8.2 Case of Unflagging gym wear & clothing

Unflagging gym wear & clothing's revenue streams are one-time asset sales that come from the clothing line sales. Other revenue stream for them is custom made designs. A good example of this is custom made leggings for Mexican fitness and bodybuilding program AK System.

Unflagging gym wear & clothing has its own line for men and women. The latest season of Unflagging, men's line had three t-shirts, eight tank tops and one design of hooded sleeveless. Women's line, Unflagging Angels, have two designs of leggings and five different models of tops.

9 Key resources

“ As one of nine building blocks of the Business model canvas, key resources are the aspects that are indispensable in your business model, so you can describe the infrastructure you need to create, deliver and capture value.” (Entrepreneurship article, 2014)

Key resources can be physical, financial, intellectual or human. They can be leased or owned by the company, or acquired from key partners. The idea of all these elements is to create value for the customer and the company, and the way those elements interact. (Johnson, Christensen & Kagermann 2008)

Physical resources are such as buildings, vehicles, machines, distribution networks and systems. In Unflagging Wearhouse's case these would be the store, a car that is used to move merchandise, and the payment terminal that is implanted to the store.

Unflagging gym wear & clothing's physical assets are a vehicle that is used from planning the design to move the final product to customer. The post office and other delivery options like FedEx, UPS, Redpack are counted to be part of distribution networks.

Intellectual assets are brands, knowledge, patents, partnerships and customer databases. This matter, some of the intellectual resources can be listed to be the same. Unflagging gym wear & clothing and Unflagging Warehouse functions after all below the same brand name; Unflagging. The customer databases differentiates from each other due to the fact that Unflagging gym wear & clothing is an online store selling national wide, where as Unflagging Warehouse focuses on local market.

Financial resource means the money available to a business for spending; cash, credit and liquid securities. Company needs sufficient amount of financial resources in order to be able to operate efficiently. Unflagging Warehouse needs money to buy the products from different providers, to promote the supplement store, to pay rent, etc. Unflagging gym wear & clothing uses money to pay for tailors and serigraphy professionals.

Human resources are important part of the company's key assets. In the industry where creativeness is needed, the human resources can be a game changer. For example, Unflagging gym wear & clothing is known for its unique designs and urban style. This would not be possible if they would lack of designer's creativeness. Unflagging Warehouse offers routines and diets part of the service, and to be able to do this, you need to know about sport nutrition and physical training.

10 Key activities

Companies have operational and managerial processes that allow them to deliver value successfully and repeatedly. These processes may include tasks as training, development, manufacturing, budgeting, sales, planning and service. To this same category go the company's rules, norms and metrics. Key resources and activities describe how the value is delivered to both the customer and the company. " Oftentimes, it's not the individual resources and processes that make the difference but their relationship to one another. Companies will almost always need to integrate their key resources and processes in a unique way to get a job done perfectly for a set of customers. When they do, they almost always create enduring competitive advantage. "

(Johnson, Christensen & Kagermann 2008)

Key activities are the most important tasks that a company must do to fulfill its purpose.

These activities are differentiated depending on organizations. For some companies the production is the corner stone of all their business, which makes the production process their key activity. When offering a service, their key activities lay in human resources.

In Unflagging gym wear & clothing these key activities are surrounded by the production, being one of those activities. As seen from the chart below, the process starts from the design stage. This covers planning of the product's cut; shirt, legging, tank-tops, etc. and print and design on it. Design stage is the fastest one of all the key activities.

When the model is chosen and the design is ready, the manufacturing process begins. This is definitely the slowest one. When the sketches are sent to tailor who is responsible of the manufacturing, it takes approximately a week to have the model piece ready. In case it needs changes, the tailor needs three to five days to make the corrections. After the model piece is approved, the rest of the products are produced.

When all the pieces are released from the tailor, the next step is printing. After checking the model piece, the printing stage takes around two weeks time depending on the amount of the products. (Gomez & Becerril 2015)

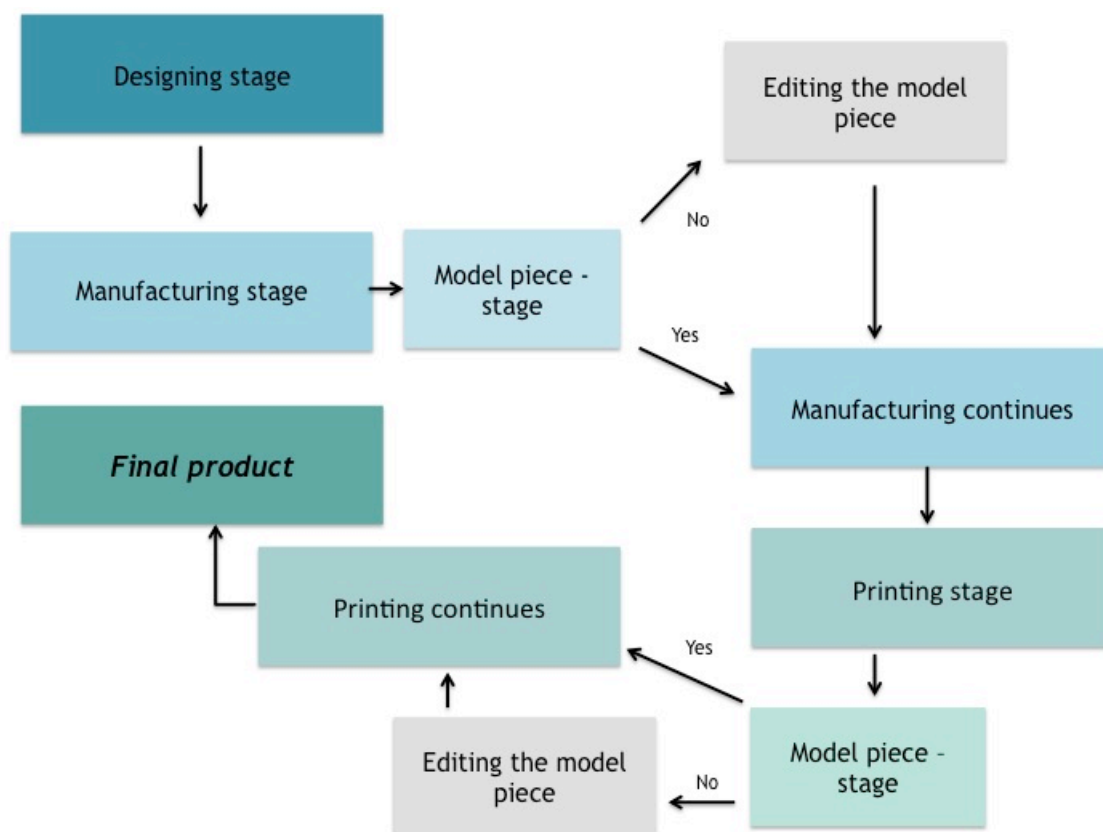


Figure 5: Unflagging gym wear & clothing's key activities

When interviewing Gomez, he said the first step for Unflagging Wearhouse was to conduct a survey of all the possible providers. “ The survey was made before the store was opened, but I still consider it to be the most important part of all the key activities. It was the starting point of everything, and without the research there would not be any store. After the providers were found and contacted it was time to think what products were necessary for the store, so that the order could be sent and the product shipped to us. We have a small unofficial stock outside of the store just in case, but in the near future hopefully we are able to have a bigger one. Before taking the products to the store, the price is defined. Inventory is made weekly, but we keep books of sold products so that the product list is easier to do.”

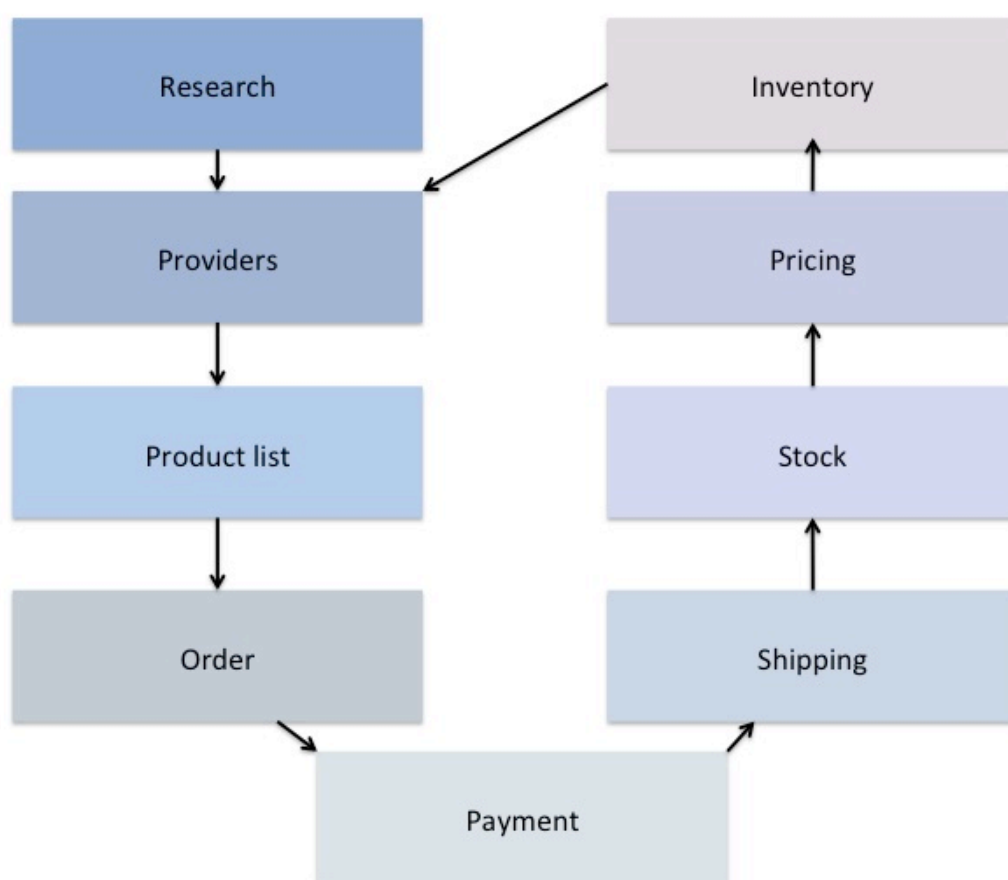


Figure 6: Unflagging Wearhouse’s key activities

These stages could be so called corner stones or building blocks for Unflagging Wearhouse. Without these key activities there would be products neither service to offer for customers. As mentioned in the first chapter when offering a service, the key activity lay in human resources. In this case the service offered is the one creating value proportion, the diet and workout plans, which are free of charge. “ Without the knowledge, and these nine basic steps; research, providers, etc. there would not be a business for me to run.” (Gomez 2015)

11 Key partnerships

Key partnerships are the network of suppliers and partners that help you to make the business model work. Companies use partnerships to optimize their business models; reduce risk and acquire more resources. There exist four different types of partnerships: strategic alliances between non-competitors, strategic partnerships between competitors, joint ventures and buyer-supplier relationships. Then why do companies have this kind of partnerships? They are used to optimization and economy of scale, reduction of risk and uncertainty, acquisition of particular resources and activities. (Key Partnerships 2015)

Due to economic development, the markets have become more competitive, and the key in fostering the performance and production could be key partnerships. Since the end of the last century, academics and practitioners alike have given recommendations for companies to collaborate. When thinking partners it is important to know their business backgrounds, analyze their weaknesses and strengths, see their potentials and opportunities, and of course the possible threats. After analyzing it is easier to decide whether they are worth of taking the risk, because after all business relationship like other relationship without a respect, are worthless. (Koivisto 2015)

As Klaus Moeller in his book *Journal of accounting and organizational change* writes that there are many theory statements made impacting the trust in partnerships. Organizations tend to value relationships characterized by trust and open communication, cause these features reduce the risk of being misled. One other factor of the trust is that it makes the organizations to cooperate more and commit, because of the shared interest and intentions of both partners. It also makes the decision-making more efficient due to the fact of open communication, without needing to be acquiring all the information every step on the way, which in the long run is more beneficial to the business. Besides this trust affects positively when it comes to combining resources to sharing knowledge, flexibility and adaptability. To summarize trust development is a long-term process, and might cost for both of the partners meanwhile the process. Other important feature is commitment in order to create long-term relationships. It tells about the company's intentions and motivation to be in successful partnership. Which leads to benefits from mutual interest and solidarity that could not be achieved with short-term relationship. (Moeller 2010, 33)

11.1 Unflagging Wearhouse's key partners

As mentioned in the first chapter above, there are different types of partnerships. Unflagging Wearhouse's partnerships are buyer- supplier kind of relationships, which are crucial for the business. While interviewing Gomez about key partners, he said " Our most important partners would definitely be suppliers. Their existence is crucial for our business, because we would not have any products to sell without them. Even though we are planning to expand in the future, it is still too expensive to start importing all the products by ourselves. "

Other of Unflagging Wearhouse's key partners would be Sporta Fitness Center, where the store is located. This partnership is so called strategic alliance between non-competitors. They both benefit from each other, the publicity, customers and image.

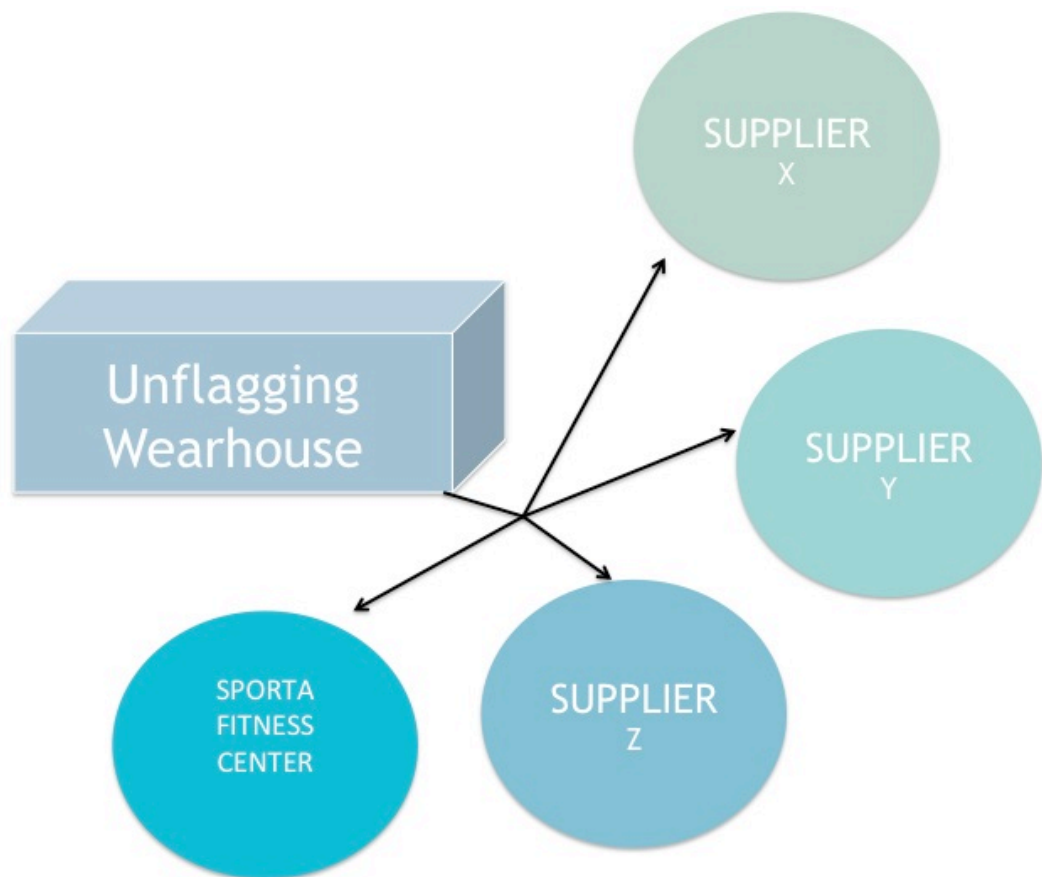


Figure 7: Key partnerships of Unflagging Wearhouse

11.2 Unflagging gym wear & clothing's key partners

The key partnerships of Unflagging gym wear & clothing are surrounded by the clothing production. The two first most important partners are the tailor and the design printer. The relationship between Unflagging and them exist buyer- supplier partnership. Unflagging gym wear & clothing are buying the service to produce a wanted product, so that they are later able to sell the final good. With AKSystem and Sport Class Fitness Center exists strategic alliance between no competitors. Unflagging gym wear & clothing designs custom made clothing for them, which makes them non-competitors selling a different final product. As mentioned in the background section, Unflagging gym wear & clothing has five resellers around Mexico. Between them and Unflagging, it could be determined to be buyer-supplier relationship but as well a strategic alliance between competitors. Even if it would be the alliance between two competitors, it is a win-win situation. (Becerril & Gomez 2015)

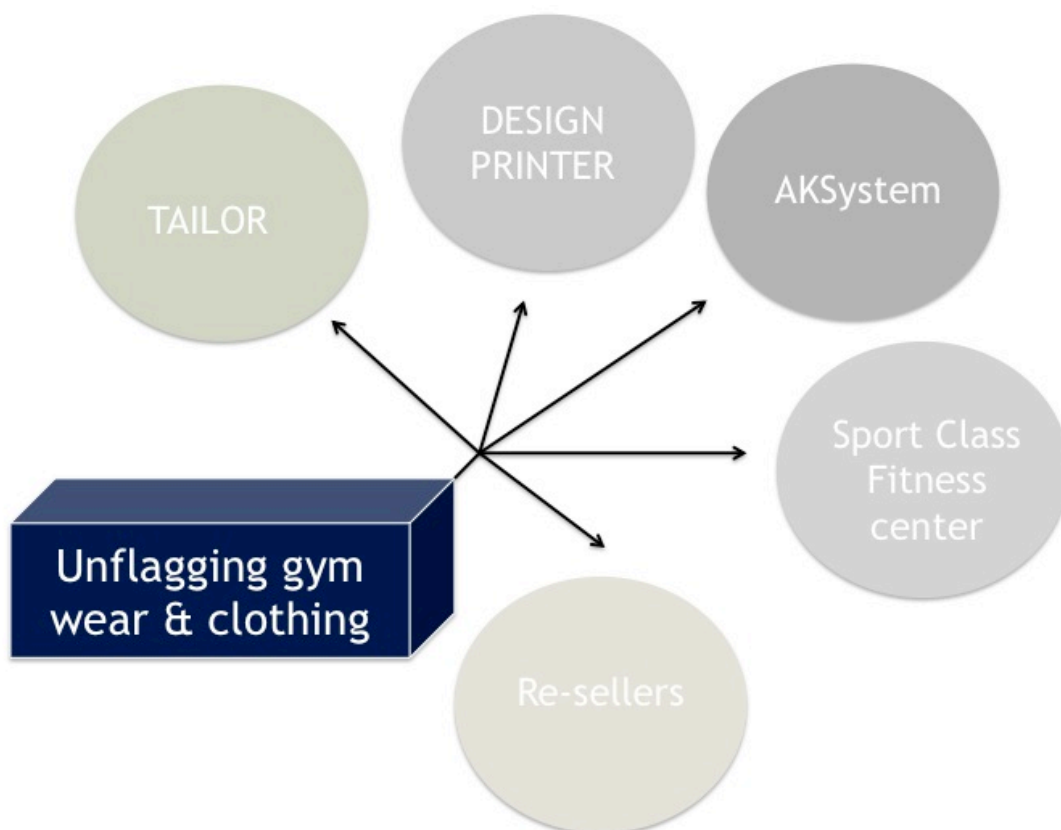


Figure 8: Unflagging gym wear & clothing's key partnerships

12 Cost structure

“ This building block describes the most important costs incurred while operating under a particular business model. Creating and delivering value, maintaining Customer Relationships, and generating revenue all incur costs. “ Basically all of the company's activities produce

costs, which is inevitable in any existing company. There are two types of structures; cost-driven and value-driven.

Cost-driven business models focus on minimizing all the possible costs. The idea of this model is to create and maintain the leanest possible cost structure, with the use of low value propositions, automation and outsourcing.

Value-driven model focus on value creation for its customer, such as personalized services and premium value propositions. Most of the companies fall in between of cost- and value-driven models.

These two models have four different characteristics; fixed costs, variable costs, economies of scale and economies of scope. Fixed costs means all costs that remain the same even if the production volume of goods or services increases or decreases. Rent and salary would be one of them. Where as variable costs depend on the proportion of the services or goods produced.

Economies of scope are costs advantages, which result when a company offers a variety of products rather than focus on the production of one single product or service.

“ When more units of a good or a service can be produced on a larger scale, yet with less input costs, economies of scale are achieved. In other words, this means that company grows and production units increase, which makes it possible to decrease its costs.”

(Heakal 2015)

Unflagging gym wear & clothing falls in between the cost- and value-driven business when it comes to its cost structure. They aim to maintain the lowest possible costs of production and printing, but despite of this they still are able to maintain the quality on their products.

Unflagging Warehouse has more value-driven model, they focus on the quality of the value proposition and personalized service, and that way tries to deliver premium value to its customers.

12.1 Cash budget

Cash budget is a financial statement that estimates the cash inputs and outputs of a person or a business over a specific period of time, usually done annually divided into 12 months.

They are used to assess whether the business has sufficient amount of money to operate. This includes all the amounts of assets that are available to spend immediately; bank account deposits, bank balances, etc.

With cash budget the company develops an idea and summary of the expected revenues, operating expenditures, purchases, assets' sales, amount of debt. This way the company can understand in case they need more cash resources and if there is an excess of cash. It is important for business for example to establish the amount of credit that it can extend to customers without having problems with the liquidity. It also helps to avoid having a cash shortage during periods when all the expenses accumulate at the same time. (What is a cash budget 2015)

12.1.1 Critical issues

Like mentioned in the previous part, the cash budget helps the company to understand what is necessary for the sake of the company's ability to stay in business. It states if the company has enough cash to pay the expenses but also keep up with their product activity. Like in Unflagging Wearhouse's case they are not able to pay any salary at the moment without risking their whole cash budget. For them it is more important to have the cash to re-invest the money to replace the sold product, to be able to keep the store running. After covering the monthly expenses, what is left of the cash is invested to expand the product collection. Cash budget also helps companies to predict the future cash flows and to evaluate future business opportunities. A crucial factor of profitable business is to set the price coverage of each product high enough to be profitable without being too high within the market price. The price coverage should cover all the product's purchase expenses like delivering, stocking, etc, and of course make profit beside this. Cash budget also permits to plan future investments, for example company can be saving 5 percentage of monthly profit for an investment planned to be bought in six months. These so called investment savings can be vital for the company, in case they will suddenly stay short in cash. They are able to correct it without taking a loan to cover it. (Koivisto 2015)

The selling price is defined by the cost of the product adding the price coverage that gives us the final price of the product. " Unflagging Wearhouse does not have a specific percentage of the price coverage per se, we tend to define it by each product. This way we are able to offer competitive prices to attract more customers, which after all keeps the store in the business. The idea for now is to be able to cover the expenses like rent, insurance etc and to have enough cash to reinvest and make the store grow. " In future when the store is more profitable, they will start to save 10 (%) percentage of the overall profit coverage to product development to be able to expand the business brand. (Gomez 2015)

12.2 Income statement

An income statement, also called the profit and loss statement, is a necessary component of a company's financial statements. It shows a company's revenues less their costs and expenses over a given period of time, which is normally a financial year or a month. The result of the income statement is the company's net income or in some case net loss. The idea of the income statement is to describe whether the company has been successful or if they lost money during the financial year or month. This way they are able to show internal and external company stakeholders the company's current financial situation. After all, the main objective is to make profit.

The structure of the income statement is first to show the company's revenues, after this follow the cost of good sold, the expenses and other sources of income. Revenues are expressed as a whole number without additional text, whereas the losses are explained in parentheses like (2,000). (What is an income statement 2015)

Before the income statement can be analyzed, it is necessary to understand two separate methodologies; the accrual method and cash-based accounting. The accrual method records revenues and expenses when they are recognized, but not when cash is transferred. This means that "when the sale is has been completed, and expanses are recorded when the goods and services that generate the expenses are matched to the revenue." Cash-based accounting records sales and expenses when cash is received or used. Cash accounting is more used way of managing finances, because it is better at tracking cash flows. However, the accrual-based accounting improves company's ability to match expenses with revenues. (Lan 2012)

13 Conclusion & discussion

To summarize the business plan it could be said that as a brand Unflagging has grown since the beginning, not only with the clothes but also the opening of the supplement store. During the research some lacks were found, which since that have been corrected because of the business plan. Now both of Unflagging gym wear & clothing and Unflagging Wearhouse have conducted more detailed inspection of their own functions as businesses.

Of course the business plan is not the absolute truth neither can take everything into consideration. Like the survey conducted by Unflagging to measure people's opinions about wellbe-

ing and fitness nowadays does not represent the overall opinion. For example this survey was send to people living in different parts of the world, with the idea to collect the thoughts from people with different kind of cultural backgrounds. Even if this was made to have better results from wider area, it can also work against the survey. After all the business only works inside of Mexico. 35 people responded the survey and the analysis was done according to their opinions, which might have varied if the number of the contestants would have been 1000. To be said that the average age of Unflagging Wearhouse's customer is 29 years, it does not mean that every 29 years old male/ female could be counted in as potential customer even if he/she would have other 'potential client' similarities as well.

Unflagging Wearhouse and Unflagging gym wear & clothing's future plans might change from the current ones, because of the cash budget or a rise of a new competitor. Business plan is created to have an overall idea of the business situation and also to help predict the future. But as mentioned it is only a guideline, not to represent the absolute truth.

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Figures

Figure 1: SWOT analysis of Unflagging Wearhouse

Figure 2: SWOT analysis of Unflagging gym wear & clothing

Figure 3: Positing Map Unflagging gym wear & clothing

Figure 4: Positing map Unflagging Wearhouse

Figure 5: Unflagging gym wear & clothing's key activities

Figure 6: Unflagging Wearhouse's key activities

Figure 7: Key partnerships of Unflagging Wearhouse

Figure 8: Unflagging gym wear & clothing's key partnerships

Tables

Table 1: List of prices Unflagging Wearhouse

Appendices

1. Are you male or female?

Male

Female

2. How important is exercise to you?

Extremely important

Very important

Moderately important

Slightly important

Not at all important

3. Do you take nutritional supplements?

Yes

No

4. What do you most often do for exercise?

Gym

Crossfit

Run

Hike

Swim

Dance

Aerobics

Pilates

Play a team sport

Other (please specify)

5. Do you know how much your body fat % is?

Yes

No

6. Do you consider that 'being fit' is important?

Yes

No

7. Do you think that people pay more attention to their diets, and exercise more than before?

Yes

No

8. Are you currently following a diet program?

Yes

No

9. How aware are you of your daily calorie consumption? Do you count calories?

Yes

No

10. Do you think society pressures people to get ' fit ' ?

Yes

No